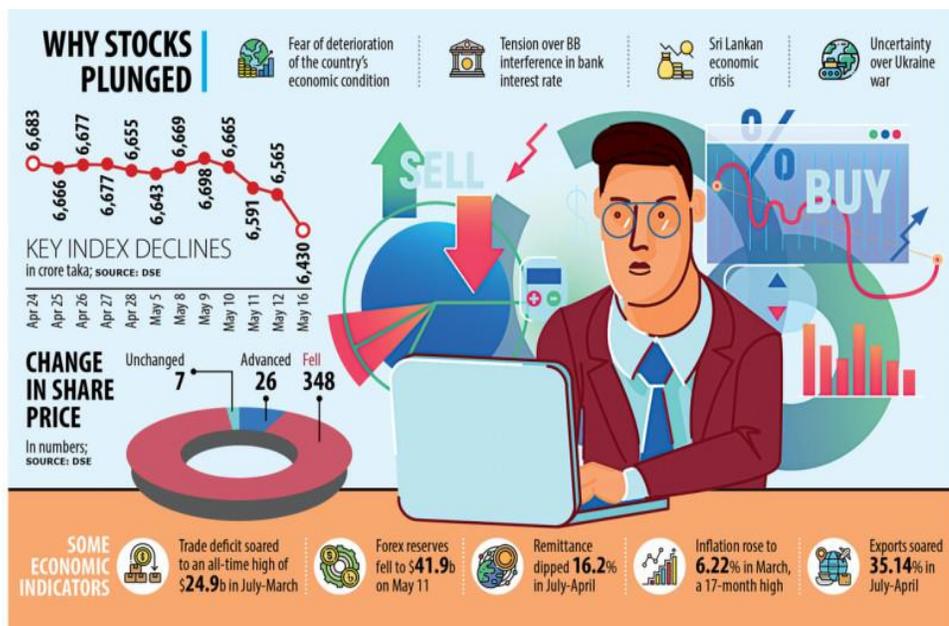




## Photo Gallery



# Daily Business News

## May 17, 2022

### BUSINESS NEWS ANALYSIS REPORT

## Capital Market News

### Selloffs sink Bangladesh stocks

Bangladesh stocks suffered a major setback Monday as jittery investors dumped their holdings to avert further losses out of worry over the country's macroeconomic matters, including devaluation of the local currency. Trade operators said the market witnessed a steep fall from the beginning of the day's trading session as the investors, particularly the retail ones, went for panic sales. The benchmark plunged below 6,500-point mark instantly at the opening.

Finally, DSEX, the core index of Dhaka Stock Exchange (DSE), shed 134.53 points or 2.05 per cent to settle at 6,431-the lowest count in 10 months since July 29, 2021. The benchmark shed over 267 points in four straight sessions including that of Monday-

evidently amid a sagging mood over latest economic situations at home, neighbourhoods and across developed economies as well owing to fallouts from the pandemic and the war in major global supply zone.

Market operators said worried investors continued offloading their holdings following the price corrections witnessed by heavyweight issues, including mutational ones. Monday's index tumble was also the steepest single-day one in more than two months since March 7 this year when the DSEX plunged 182 points amid escalation of the Russia-Ukraine war that blocked supplies of energy and basic products across the globe.

From the market capitalisation, which refers to the total market value of companies' outstanding shares, some Tk 190 billion was eroded in just four days to Tk 5,217 billion on Monday as investors sold off large-cap stocks. The securities regulator, Bangladesh Securities and Exchange Commission

(BSEC), has continued its effort to enhance liquidity support through banks and stockbrokers to heal the market tantrums. Former BSEC chairman Faruq Ahmad Siddiqi notes that the output of managed funds does not sustain unless the market gets back its own strengths.

<https://thefinancialexpress.com.bd/sto ck/selloffs-sink-bangladesh-stocks-1652754469>

## Industry News

### Exporters demand 12pc corporate tax

Exporters have demanded that the government introduce a corporate tax at 12 per cent rate for the all export-oriented industries and offer a 10-per cent corporate tax rate for the green compliance industries in the national budget for the fiscal year 2022-2023.

The businesses also requested the government to set a source tax rate at 0.50 per cent on export products to minimise the cost of local exporters.

In a statement issued by the Exporters' Association of Bangladesh, the EAB said that it placed the demands to the government for offering such tax facilities for the next five years so that businesses could get a maturity period to compete with the global competitors.

The EAB placed a total of 11 proposals of export-oriented industries to boost the industries during the global economic crisis period. The statement said that the overall export cost had risen at over 30 per cent as the price of the raw materials, the devolution of the local currency rate against the US dollar, cost of container rent, other shifting transport costs were increasing.

They also suggested introducing a single policy for all the export-oriented industries like RMG, tery-towel, leather and shoe, bicycle, fisheries, frozen food and others industries. Tax on cash incentive on export should be withdrawn and also source tax on sourcing of raw material from the local market should be removed for the export-oriented industries, said the statement.

Tax deduction on expenses from the exporters' retention quota fund should be removed in the upcoming budget, it said. Exporters also demanded customs duty exemption and withdrawal facilities on import of industrial mercenary and import of fire safety gears and import of industrial thermostat de-humidifier, industrial racking system and effluent treatment plant chemicals.

<https://www.newagebd.net/article/170714/exporters-demand-12pc-corporate-tax>

## **Banks asked to keep service export income in foreign currency**

The Bangladesh Bank on Monday asked all scheduled banks not to encash service income recipients' foreign currency in local currency without consent of customers. The current regulations allow service income recipients to retain inward remittances in foreign currency against service delivery abroad.

Presently, 70 per cent of inward remittances against ICT services can be retained in foreign currency accounts known as Exporter's Retention Quota (ERQ) Accounts and the scope is 60 per cent against other services exports. To this end, the central bank on the day issued a circular stating that the banks should not outright encash inward remittances for credit in taka accounts without consent of the service income recipients.

The circular advised banks to intimate individual beneficiaries of inward remittances regarding the option for retention in foreign currency. According to circular, banks need to guide their customers on facilities of outward remittances out of the retained amount for bonafide current account transactions.

<https://www.newagebd.net/article/170715/banks-asked-to-keep-service-export-income-in-foreign-currency>

## **Economy News**

### **Taka suffers steepest fall in a decade**

The taka yesterday lost 0.91 per cent in value against US dollars, the sharpest single-day fall in the past one decade, amid the falling supply of the American greenback against surging demand to settle import bills. Now, a

US dollar will cost Tk 87.50, up Tk 0.80, after the Bangladesh Bank adjusted its rates for the dollar considering the market demand. This is the fifth fall of the local currency this year and came a week after it allowed depreciation by Tk 0.25 a dollar.

The BB had depreciated the local currency based on the supply-demand situation of the greenback, he said. The exchange rate stood at Tk 85.80 a dollar on December 30 and Tk 84.80 on May 16 last year. Economists welcomed the currency devaluation, calling it time-befitting as it would help keep the country's foreign exchange reserves buoyant and rein in imports. They also urged the government to take fiscal measures to insulate the general public from imported inflation originating from the devaluation of the taka as well as strengthen the safety-net programmes to protect the poor and the low-income groups.

The previous sharpest single-day taka devaluation came on December 12, 2011, when the central bank depreciated the inter-bank exchange rate by Tk 1.19 to Tk 79.79 per dollar, BB data showed. Bangladesh is under tremendous pressure to weaken the taka to protect its depleting foreign currency reserves amid soaring imports against moderate exports and falling remittances. Despite the devaluation, many banks yesterday charged importers more than Tk 95 under the BC (bills for collection) selling arrangement due to the scarcity of dollars.

Although the central bank fixed the BC selling rate at Tk 87.60 per dollar, banks still had to ignore the BB instruction. The taka traded at more than Tk 97 to the dollar in the kerb market, an illegal trading platform for selling and buying foreign currencies. A BB official, wishing not to be

named, says that the central bank might weaken the local currency further in the quickest possible time as the latest depreciation might not be able to stop the escalation of imports.

The exchange rate came under pressure against the dollar since the final quarter of 2021 when imports bounced back due to the pent-up demand and price increases in the global market following the improvement in the coronavirus situation.

The monthly import has shot past \$7 billion, dealing a major blow to the reserves since exports and remittances flow have not kept pace. Between July and March, import payments escalated to \$61.52 billion, up 44 per cent year-on-year while exports grew 33 per cent to \$36.61 billion. This inflicted the highest-ever trade deficit of \$24.90 billion on Bangladesh during the period. The trade deficit reduced the reserves to \$41.92 billion last week in contrast to \$46.15 billion on December 31. The reserves had surpassed \$48 billion in August.

<https://www.thedailystar.net/business/economy/news/taka-suffers-steepest-fall-decade-3025206>

## Company News

### Paramount Textile to invest over Tk 740 crore for capacity expansion

Paramount Textile Ltd will invest around \$85.45 million for enhancing its production capacity. The company will import capital machineries for civil construction and other auxiliary work, the textile maker said in a posted on the website of the Dhaka Stock Exchange today. This will help the company generate an additional \$7 million in monthly revenue and the post import facilities will be settled down through foreign currency term-loan facilities. Each share of the company closed at Tk 75.7 today, down by 4.9 per cent from the previous day, according to the DSE data. Founded in 2006, Paramount Textile is now one of the leading manufacturers of woven yarns in Bangladesh.

<https://www.thedailystar.net/business/news/paramount-textile-invest-over-tk-740-crore-capacity-expansion-3024796>

### Green Delta Insurance to sponsor MF, ETF

Green Delta Insurance Company Ltd, a listed company, will sponsor an open-end mutual fund (MF) and an Exchange Traded Fund (ETF) through an aggregate amount of investment worth Tk 50 million. The company's board of directors has taken the decision, a disclosure said. As a sponsor, Green Delta Insurance will subscribe Tk 25 million of an open-end MF namely Green Delta Dragon Enhanced Blue Chip Growth Fund. The remaining amount of the fund

having a size of Tk 500 million will be raised from other sponsors and the market.

Green Delta Insurance will also subscribe Tk 25 million of an ETF namely DS30 Index Tracking Exchange Traded Fund (DS30ETF). The remaining portion of the fund will be raised from other sponsors and the market. An ETF is an open-end Collective Investment Scheme (CIS) that continuously issues and redeems its shares of stock in creation of unit in exchange for basket and representing an index. Green Delta Insurance, presently an 'A' category company, was listed with the stock exchange in 1989. The company's sponsor-directors hold 30.51 per cent shares, institutes 20.59 per cent, the foreigners 4.60 per cent and general public 44.30 per cent as on April 30, 2022. The company's share price closed at Tk 77 each on Thursday with a loss of 1.16 per cent on Dhaka Stock Exchange (DSE).

<https://thefinancialexpress.com.bd/stoek/green-delta-insurance-to-sponsor-mf-etf-1652673108>

## Price Sensitive News

Trading Code: BXSYNTH

News Title: BXSYNTH: Revised Offer Period of Beximco Synthetics Ltd.

News: (Continuation news of BXSYNTH): The Shareholders, who have not yet submitted their offer Acceptance Form along with other necessary papers/documents to DSE & CSE within 28th April, 2022 to avail the said opportunity, are requested to submit their necessary papers/documents to DSE & CSE by May 30, 2022. (end)

Post Date: 2022-05-17

Trading Code: BXSYNTH

News Title: BXSYNTH: Revised Offer Period of Beximco Synthetics Ltd.

News: Notice to the shareholders of Beximco Synthetics Ltd.: This is for information of all valued Shareholders of Beximco Synthetics Limited that the Offer Period for Exist Plan opportunity on delisting of 55,778,623 ordinary shares of Tk.10/- each of Beximco Synthetics Limited from Dhaka Stock Exchange Limited (DSE) & Chittagong Stock Exchange Limited (CSE) is hereby extended from 28th April, 2022 to 30th May, 2022. (con.)

Post Date: 2022-05-17

# Daily Business News

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